



Policy Statement

To: Hospital Administrators
Hospital CFOs
Consultants

From: Sonia D. Chambers, Chair

Date: April 12, 2004

Re: **Policy Statement 2004-1**
Payor Classification

This policy statement is issued to clarify the Authority's position with respect to the classification of payors (Medicare, Medicaid, PEIA, Other Governmental, and Nongovernmental) for the purpose of the rate application.

The **primary payor** of a patient's obligation is the determining factor as to whether or not the payment is reported as governmental or nongovernmental.

Discharges or visits where the ultimate source of payment is a governmental entity should **NOT** be included in the nongovernmental data.

For example, Medicaid and PEIA offer managed care products through Carelink, The Health Plan of the Upper Ohio Valley, or other HMOs. For the rate application, any discharges or visits under these programs should be reported as Medicaid and PEIA respectively.

Those hospitals using a consultant for the preparation of the rate application need to be sure to provide the consultant with adequate information so that the payors can be classified properly.

If you have any questions, please contact Margi High, Director of Rate Review at 558-7000 or via e-mail: mhigh@hcawv.org.